

Council on Postsecondary Education  
March 15, 2004

## Budget Update

*The information included with this agenda item describes the budget for FY 2004-06 as passed by the House of Representatives on March 9, 2004.*

The major elements of the House budget are:

**College and university base budgets:**

- Base budgets for colleges and universities are included as proposed by the Governor, including the technical amendments proposed by the Executive Branch.
- General Fund debt service for E&G and Research projects is delayed one year until FY 07. The projects are authorized in FY 06 at the level recommended by the Governor but the debt service is delayed. The budget also added KCTCS Henderson Community College Technical Building (this project was not in the Governor's recommendation).
- Earmarked \$200,000 each fiscal year for maintenance and operation support of the university farms at ECU, MoSU, MuSU, and WKU.

**Agency funded capital projects:**

- The House budget creates a degree of flexibility by authorizing institutions to issue agency bonds for auxiliary enterprise, hospital, and intercollegiate athletics projects. Representative Bob Damron introduced HB 489, which if passed will generate an additional \$377 million of agency bond debt authority for postsecondary education institutions. The Office of the State Budget Director estimates that the additional amount may be as low as \$375 million.
- If HB 489 is not enacted, the House has included language in the budget to provide line item authority to complete the \$377 million of capital projects identified by HB 489 and provides that the state not include the debt authority in its statewide calculation of debt authority (the state's 6 percent cap). If HB 489 does not pass, these projects will be eligible for the Council's agency bond pool.

**Council on Postsecondary Education budget:**

- Reduce the Council's personnel budget \$500,000 in FY 05 and FY 06.
- Restore the optometry spaces \$119,900 in FY 05 and \$232,700 in FY 06.
- Restore the veterinary spaces \$101,400 in FY 05 and \$316,200 in FY 06.

- Increase pass-through programs \$1,830,000 in FY 05 and \$6,330,000 in FY 06.
- New language provides that General Fund (tobacco) dollars in the amount of \$775,000 each fiscal year be allotted from the Research Challenge Trust Fund Lung Cancer Research Program to the Ovarian Cancer Screening Outreach Program at the University of Kentucky.

**Other points of interest:**

- All state employees, K-12 teachers, and school personnel will receive a 3 percent salary increase in FY 05 and 4.5 percent in FY 06 (only 1.5 percent of this increase in each year was funded in the bill).
- Kentucky Affordable Prepaid Tuition (tuition saving program) will be open for enrollment again beginning FY 05.
- Tuition and reciprocity language was added stating "the CPE shall implement a tuition-setting process that includes an on-campus hearing and review all existing and future reciprocity agreements among the states to ensure that appropriations to Kentucky postsecondary education institutions are not used to subsidize out-of-state residents."

The attached provides a comparison of the Council, the Executive, and the House budget recommendations for FY 2004-06.